

**Presentation by Mr. Jerry Stark, USMC  
to the  
Commercial Activities Panel  
Public Hearing  
San Antonio, Texas  
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Mr. Chairman, members of the panel, good morning, I'm Jerry Stark, Program Manager for Marine Corps A-76 and FAIR Act Inventory efforts.

Thank you for the opportunity to discuss the Marine Corps' A-76 program and thoughts about its direction.

The Marine Corps believes that the A-76 program is a useful tool that provides a specified process for reviewing our workload requirements at our bases and stations and the labor force we need to perform those requirements. It also defines the process for providing for a competition for the performance of those requirements. The process is long and difficult, but it is a compromise between our in-house workforce and private industry in deciding the most economical provider for commercial services. A-76 allows our incumbent workforces an opportunity to compete for their jobs under a process that is well defined and prescribed. It has been around for a long time, and while it may not be popular with a lot of folks, the years have allowed for the process to be refined into what appears to be a fair competition.

The A-76 process has a proven track record as a cost cutter. Currently the Marine Corps is competing 4,171 billets and expects to save over \$6 ½ million per year as a result of those studies. To date, we have completed one major study that is expected to save upwards of 55% in personnel costs. We have reached tentative decision on two other studies and expect significant savings in those as well.

While we support the A-76 methodology, we also believe that further improvements can be made.

The lengthy duration of performing an A-76 study, from contract start to implementation of the Most Efficient Organization (MEO) or contract, continues to be a major issue. Large, complex studies normally take three years or longer to complete. The acquisition process mandated by federal acquisition regulations and the appeals and reviews that seem to occur following every study consumes a large portion of those three years. It is the lengthy timelines, from start to finish, that cause us the most angst in the use of the A-76 process. It simply takes too long to start realizing the savings the study process identifies for us.

How we handle our personnel, determining who gets competed and who stays, is another issue that we haven't handled very well. While the Inventory process provides us with a methodology for identifying what is commercial and what is inherently governmental in nature, the rules and procedures and functional definitions have changed every year. This makes it difficult to develop a baseline and know where you are in the evaluation process. The inventory is a good tool - if we are given the opportunity to identify what functions we are performing, how many people are performing them, and for what purposes (such as career progression, skill

development, etc). We need the ability to evaluate our requirements on a site-specific basis, determine those billets that are essential, and compete or outsource those where it make sense to do so. Until the inventory is allowed to stabilize we will continue to have inconsistencies in the coding of functional areas and billets.

The inconsistency of the Inventory and the lengthy A-76 process have combined to caused the federal work force to resist efforts to classify work and to compete those functions where it makes sense to do so.

Because of the current accounting and budgeting systems used throughout the Department, it often becomes difficult to accurately determine the cost of performing many of the activities and functions we've identified for competition. The Marine Corps has embarked on an effort to help identify specific activity costs, using a tool widely used in the private sector call Activity Based Costing. We have instituted the use of this tool at all of our major installations and have modeled their activities in a consistent manner across all of the installations. We are gathering activity costs for all installation support services. Our next step is measuring performance and evaluating our in-house performance against other providers. Once this information is collected, value-based decisions can be made that will maximize savings beyond our current commercial activity efforts.

Accurate and consistent coding of billets, along with timely and accurate cost of performance data from our Activity Based Costing efforts, will allow the Marine Corps of the future to make smarter decisions on what can be competed and what should be retained in-house.

Finally, I would encourage the development of a soft landing of some sort for our long-term employees. I'm referring to our CSRS employees that are not yet eligible for early retirement. FERS employees have portable retirements, but many of our long time employees are still under the CSRS retirement system and cannot take their retirement accounts with them if their jobs are outsourced. If they go, they take a significant reduction in their retirement allotment. Our Civilian Marines have proven to be a loyal, dedicated workforce that puts in long hours when called upon to do so, often without overtime or compensation. They are hard working, loyal, and intelligent. We are proud of our civilians Marines. They have served us well. We do not want to see their many years of service to the government be looked upon as anything but a "good and satisfying career". Legislation must be enacted that would allow for retirement portability for our CSRS employees, not yet eligible for early retirement, that may be affected by outsourcing decisions.

In conclusion, I commend the scope of your charter and look forward to positive recommendations that will enhance the A-76 process without abandoning the career civil servants that have dedicated their lives to public service.

Thank You.